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Executive Director

November 29, 2001

No. 2001/084

TO COUNTY ASSESSORS:

SUMMARY OF 2001 PROPERTY TAXES LEGISLATION

This is a summary of 2001 legislation affecting property taxes. All bills will become effective January 1, 2002, unless otherwise specified.

AB 136 (Corbett), Chapter 161 (effective August 9, 2001)

Amends section 241 of the Revenue and Taxation Code.

Hand Tool Exemption. Increases the property tax exemption for employee-owned hand tools from \$20,000 to \$50,000.

AB 184 (Liu), Chapter 330 (effective September 25, 2001)

Amends sections 70(d) and 74.5 of the Revenue and Taxation Code.

New Construction Exclusion—Unreinforced Masonry Seismic Improvements. Changes certificate of compliance filing date from April 15 to 6 months after the completion of construction. Additionally provides that the failure to file the certificate within the six-month period is a waiver of the exclusion for that year only.

New Construction Exclusion—Seismic Retrofitting Improvements. Modifies definition of “improvements utilizing earthquake hazard mitigation technologies” to reference the California Building Code and the Uniform Building Code. Also changes document filing date from April 15 to 6 months after completion of construction.

AB 589 (Wesson), Chapter 521

Adds section 95.35 to the Revenue and Taxation Code.

State-County Property Tax Administration Grant Program. Creates the State-County Property Tax Administration Grant Program which will provide grants to electing counties to assist them in funding property tax administration costs for the 2002-03 through 2006-07 fiscal years, inclusive.

AB 645 (Horton), Chapter 238

Amends sections 469 and 1603 of the Revenue and Taxation Code.

Audits—Review and Equalization. Provides taxpayers subject to nonmandatory audits the identical assessment appeal rights currently provided to taxpayers after mandatory audits.

Assessment Appeals Deadlines. Extends the final date to file an assessment appeal from September 15 to November 30 if the county assessor does not send a notice of the assessed value of real property prior to August 1.

AB 1011 (Pavley), Chapter 819

Adds section 27255 to the Government Code.

Index of Conservation Easements and Deed Restrictions. Requires county recorders to maintain a comprehensive index of conservation easements and deed restrictions on land.

AB 1457 (Keeley), Chapter 772

Amends section 62.1 of the Revenue and Taxation Code.

Mobilehome Park Exclusion from Change in Ownership.

- Prohibits supplemental or escape assessments for pro rata changes in ownership in mobilehome parks occurring between January 1, 1989, and January 1, 2002, if the assessor failed to levy any assessments prior to January 1, 2000.
- Requires the assessor to correct the base year value to properly reflect the pro rata changes in ownership for the January 1, 2002 lien date.
- Upon correction, requires the assessor to notify parks that residents may be eligible for state tax assistance programs administered by the Franchise Tax Board and the State Controller.
- Cancels any outstanding taxes levied between January 1, 2000, and January 1, 2002, for pro rata changes in ownership. Does not allow refunds of taxes so levied that were paid prior to January 1, 2002.
- Requires mobilehome park owners that do not utilize deeds to transfer ownership to report to the assessor by February 1 of each year certain information regarding ownership interests.
- Requires a new owner that did not utilize a deed to transfer ownership in spaces or lots to file a change in ownership statement within 30 days of the change in ownership. Failure to file will result in a penalty pursuant to section 482.

AB 1472 (Longville), Chapter 826

Amends multiple sections of the Revenue and Taxation Code and the Vehicle Code, relating to commercial vehicle registration. Amends section 225 of the Revenue and Taxation Code.

Personal Property Exemption. Clarifies that such items which have been issued a valid identification plate are exempt from personal property taxation. Extends exemption to logging

dolly, pole or pipe dolly, auxiliary dolly, tow dolly, or trailer bus; exemption does not apply to logging dolly used exclusively off-highway.

SB 198 (Chesbro), Chapter 533 (effective October 5, 2001)

Amends section 214.02 of the Revenue and Taxation Code.

Welfare Exemption. Extends the exemption for property in its natural state and open space lands to January 1, 2012.

SB 210 (Local Government Committee), Chapter 176

Amends multiple sections of the Civil Code, the Education Code, the Family Code, the Government Code, the Health and Safety Code, the Penal Code, the Probate Code, the Public Contract Code, the Public Resources Code, the Streets and Highways Code, the Water Code, and the Welfare and Institutions Code relating to local government. Affecting county assessors, amends section 12419.8 of the Government Code.

Notice to Offset or Deduct Amounts Due City or County Against Refund from State of California. Transfers the notification duty from the county assessor to the county tax collector that a request has been made to intercept refunds from the state government due to the taxpayer in order to offset the delinquent property tax obligation.

SB 882 (O'Connell), Chapter 609 (effective October 9, 2001)

Adds section 236.5 to the Revenue and Taxation Code.

Welfare Exemption. Exempts an interest in real property that is leased for a term of 35 years or more by a charitable foundation and used exclusively by the lessee as a public park, if all the following conditions are met:

- The charitable foundation is exempt from federal taxation under Internal Revenue Code section 501(c)(3);
- The operation of the public park by the lessee is within the tax exempt purposes of the lessee;
- The lessee acquired the leasehold in the property by means of a charitable donation; and
- Under the terms of the lease, the lessee foundation will obtain fee ownership of the property on or before the end of the lease term.

SB 1181 (Revenue and Taxation Committee), Chapter 407

Amends section 51142 of the Government Code and sections 75.11, 170, 205.5, 830, 830.1, 833, 1606, 5814, 11273, 11338, and 11339 of the Revenue and Taxation Code.

Supplemental Assessments (§75.11).

- Changes the beginning point for the four-year limitations period from July 1 of the assessment year in which a change in ownership statement or preliminary change of ownership report was filed to July 1 of the assessment year in which the event occurred.

Supplemental Assessments (§75.11). [continued]

- Extends the number of years open to supplemental assessment from six to eight when a penalty for concealment of personal property (section 504) is levied.

Disaster Relief (§170).

- Permits a Board of Supervisors to amend the local ordinance to allow the assessor to initiate the reassessment if the property was damaged or destroyed within the preceding 12 months.
- Increases the period for a taxpayer to file a claim for reassessment from 60 days to 12 months after the misfortune or calamity.
- Increases the amount of damage required for eligibility from \$5,000 to \$10,000.
- Increases the period for a taxpayer to file an appeal on the post-disaster value from 14 days to 6 months after the date of the mailing of notification.
- Increases the period in which an assessor may determine and request an application that a property has suffered damage from 6 months to 12 months and increases the period in which the property owner must file a completed application from 30 days to 60 days after the date of the mailing of notification.
- Increases the period in which an assessor may determine that a property suffered damage from 6 months to 12 months when the assessor does not have the general authority to initiate reassessments, no application is made, and the Board of Supervisors approves the reassessment.

Disabled Veterans' Exemption (§205.5). For the disabled veterans' exemption low-income threshold, changes the annual period for measuring inflation increases from October to February of the previous two assessment years and clarifies that increases are to be compounded annually.

County Confidentiality of BOE Information (§833). Clarifies that any person or entity that acquires state assessee information from the Board must maintain its confidentiality.

Appeals—Exchange of Information (§1606).

- Requires an exchange of information to be initiated 30 days rather than 20 days before an appeal hearing.
- Requires the other party to respond within 15 days rather than 10 days before an appeal hearing.
- Specifies that the postmark date or date certified by a bona fide private courier service will be used to determine the date of initiation or response.
- Specifies that the parties use adequate means of delivery to complete the exchange process at least 10 days before the hearing.

Manufactured Homes (§5814). Clarifies that the term “real property” as used in the change in ownership provisions in sections 60 through 68 includes manufactured homes that are subject to taxation under the Manufactured Home Property Tax Law (section 5800 et seq.).

SB 1182 (Revenue and Taxation Committee), Chapter 744

Amends section 51296.3 of the Government Code, and amends sections 75.31, 534, 749 and 1605, and repeals sections 10753.1 and 10753.9, of the Revenue and Taxation Code.

Appealing an Assessment Outside the Regular Assessment Period (§§75.31, 534, 1605). Clarifies which provisions relating to filing an assessment appeal apply to Los Angeles County.

Escape Assessments (§534). Modifies an incorrect reference to supplemental assessments.

SB 1183 (Revenue and Taxation Committee), Chapter 121

Amends sections 2189.5, 2189.6, 3101, 3102, 3692, 3793.1, 4911 and 4911.1 of, and adds section 3698.8 to, the Revenue and Taxation Code.

Property Tax Paid on Wrong Parcel. Allows for the refund of taxes mistakenly paid in the case in which there is no property of the taxpayer to which the payment may be applied. Also makes other nonsubstantive changes.

SB 1184 (Revenue and Taxation Committee), Chapter 613

Amends sections 63.1, 69.5, 532, and 606 of the Revenue and Taxation Code.

Parent-Child Exclusion. Eliminates the need for the transferor to sign the parent-child change in ownership exclusion claim form and also requires only one transferee to sign the form.

Over 55/Disabled Base Year Value Transfers. Allows persons over age 55 and disabled persons to transfer the base year value from a home that was substantially damaged or destroyed in a non-governmental-declared disaster and sold in its damaged state, to a replacement dwelling that was acquired or newly constructed on or after March 24, 1999, applying beginning with the 1998-99 fiscal year. Also provides that relief shall apply prospectively only, commencing with the lien date of the assessment year in which the claim is filed.

Escape Assessment—Statute of Limitations. Extends the number of years subject to escape assessment from six years to eight when a penalty for willful concealment of tangible personal property (section 504) is applied.

Contiguous Parcels—Combined Assessment. Permits more contiguous tracts of land located in different tax rate areas, but under the same ownership, to be combined into a single assessment.

- Increases the maximum value of any parcel that may be combined from \$5,000 to \$25,000.
- For parcels used as a home site, increases the size of parcel that may be combined from 15,000 to 45,000 square feet.

SCR 13 (Morrow), Resolution Chapter 78

Uncodified.

California Law Revision Commission. Grants approval to the commission to continue its study of designated topics, including the revision of laws that relate to real and personal property.

CONCLUSION

Bills may be viewed from the Legislative Counsel's Web site (www.leginfo.ca.gov/bilinfo.html). Additional information based on the Board's bill analyses is contained in the *Legislative Bulletin*. This publication and the Board's bill analyses are posted to the Board's Web site at www.boe.ca.gov/legdiv/legcont.htm. The *Legislative Bulletin* will be mailed separately to county assessors. If you do not receive a copy, please contact our Legislative Division at (916) 445-5742.

If you have any questions regarding the application of these measures, please contact the Policy, Planning, and Standards Division at (916) 445-4982.

Sincerely,

/s/ David J. Gau

David J. Gau
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Property Taxes Department

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